1951. **File No.** ESA 1651

A CLASS

Public Works. **DEPARTMENT**

K **BRANCH**

Subject:— Electricity Supply Act 1948

Amendment to -

Amendment Bill 1951)

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File No. ESA 1651 K.

Etd. Scott. Slip. 24 A

G R., G D., No. 2408, dated 22-6-22.]

Correspondence

DOCKET SHEET (B)

Subject :—

File No. E SA 1651

Public Works **DEPT.**

K **BRANCH.**

References :— copies supplied from main file- AC 1951

Date.	To whom sent.	Notes and instructions.

VERY URGENT.
No.ESA 1651 K.

Public Works Department
Bombay Castle (Bombay No.1),
9th November 1951.

From

Shri V.W.Gothoskar, B.Sc.,B.E., A.M.I.E.(India),
Deputy Secretary to the Government of Bombay,
Public Works Department.

To

The Secretary to the Government of India,
Ministry of Natural Resources and
Scientific Research,
New Delhi.

Subject:- The Electricity (Supply)
Amendment Bill,1951.

Sir,

I am directed to refer to your letter No.El.II-1(38), dated the 28th August 1951, enclosing Draft Electricity (Supply) Amendment Bill, 1951, and to state that this Government agrees to the provisions of the Bill subject to the following remarks:-

2. Amendment No.9(ii) to Section 29 of Act LIV of 1948.
The limit of one crore of ruppees to sanction of a Scheme by the State Government is considered to be highly objectionable. The State Governments should be allowed full discretion in the matter of sanctioning schemes. ~~Then~~ When any scheme depends on a loan or assistance from the Gentral Government, it will be open to that Government to negotiabe with the State Government the terms of the loan or assistance.

3. Amendment No.13 to Section 57 of Act LIV 1948.

(a) The omission of words "not being a local authority " in sub-section (1) of Section 57 will mean that Municipalities such as Bombay , Baroda which have their own electrical undertakings will not be able to earn a return in excess of 5% allowed to private enterprise This Government is strongly of the view that no such restrictions, which is meant primarly for private enterprise should be imposed on local bodies, which are not actuated by profit motive . The local bodies represent the citizens as a whole and if a local body wishes to impose higher charges it should be free to do so, in the interests of the community, of which the consumers of

electricity form a part. In the opinion of this Government it would not be justifiable to impose any restriction on a local body que on electricity undertaking.

(b) The following addition may be made to Section 57 for the reasons already given in paragraph 3 of this Government Letter No.1925/48-E1(I), dated the 9th August 1950:-

Add the following proviso to Sub-Section 2(a) before the existing previso.

"Providided that the State Government may, if in its opinion Public interests so requires, constitute or, where a Board is constituted under the Act direct the Board to constitute , a Rating Committee at any time to examine the licensee's charges for the supply of electricity."

(c) Provision may also please be made for a 'casting' vote by the Chairman of the Rating Committee in case of equality of votes on any particular point.

(d) It has been observed that at some places there is more than one Association of the consumers, for instance Motive Power Consumers' Association, Flour Mill Owners' Association etc. It would be difficult for Government to determine which Association should be preferred since the interests of the lighting consumers may be different than or directly opposed to those of the motive power consumers. Necessary provision may therefore please be made in this amendment to enable State Governments to nominate consumers' representative after consulting, if necessary, the local consumers' Association, if any.

(e) As requested in this Government Letter No.RET 1251, dated the 24th August 1951, suitable amendment may be made in the Electricity (Supply) Act, so as to enable State Govt or the State Electricity Boards to recover cost of Rating Committee from the Licensee.

4. Amendment No.21 A to the Sixth Schedule to Act LIV of 1948. I- Permitting the licensees to adjust their rates without any limits so as to earn the 5% return may amount to putting a premium on inefficiency ang giving unfettered liberty to licensees particularly the smaller undertakings

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to raise their rates. The reasonable return of 5% which a licensee is entitled to earn should be conditional on his running the station economically and efficiently. In the light of experience, it is considered essential that certain maxima rates should be provided within which the licensee may adjust his rates without reference to the State Government or the Board, and enhancement of rates beyond the maxma limits should be permitted only with the prior permission of the State Government or the Board. I am therefore to request that a suitable provision may be made in the Amending Bill in the light of above remarks and the remarks contained in this Government Letter No.1925/4c-El(I), dated the 9th August 1950.

5. Sixth Schedule Paragraphs VI,XI and XVII. I am to invite reference to this Government Letter No.1925/4c-El(I), dated the 9th August 1950, and to request that amendments and/or additions suggested therein to paragraphs VI, XI and XVII of the Sixth Schedule may please be incorporated in the Amending Bill.

6. First Schedule-Part II-ParagraphIX (b). The words "proper standby capacity" may please be defined or some basis may be laid down to determine the proper Standbay Capacity either on the basis of percentage of total installed capacity or on the number and size of sets for various sizes of power stations as otherwise each licensee may insist on allowing a standby capacity to suit his conditions which may not be in accordiance with the prevailing engineering practice of progressive supply companies.

7. Eight Schedule-Paragraph I(c). The words "Proportion of management and general establishment charges and other expenses properly attributable to the Station" may please be clearly defined to bring out what is meant by "properly attributable". Some basis may be laid down or formula established on the basis of the experience gained by the British Electricity Authority according to which such charges can be calculated and properly allocated.

Yours faithfully,

Sd/-
Deputy Secretary to the Government of Bombay
Public Works Department.

D.A.:- Nil.

Copy forwarded to-

*the Local Self Government and Public Health Department.

*the Finance Department ,

The Chief Engineer, Bombay Electric Grid (with reference to his letter No.P1-2(B) /29360, dated the 16th October 1951,

the Electrical Engineer to Government (with reference to his letter No.G.29/7755, dated the 13th October 1951),

for information.

* with copies of Government of India letter No.El II-1(30), dated the 28th August 1951 , and its accompaniment.

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XXXXX B.V.P.

7/7/58